

## USDA - RURAL DEVELOPMENT BRIEFING PAPER

### Guam, Commonwealth of the Northern Mariana Islands, American Samoa, & Marshall Islands INTERAGENCY GROUP ON INSULAR AREAS (IGIA) - FEBRUARY 28, 2012

#### GUAM

##### RURAL HOUSING PROGRAMS

- Since 2009, USDA has assisted 278 first-time homeowners with over \$51 million in Direct and Guaranteed housing loans.

	2009		2010		2011		2012 (YTD)	
Rural Housing Services	#	\$	#	\$	#	\$	#	\$
502 Direct	12	\$ 2,006,140	76	\$ 15,434,400	13	\$ 2,598,000	1	\$ 195,000
502 Guaranteed	58	\$ 9,731,520	63	\$ 11,465,324	40	\$ 7,050,464	14	\$ 2,573,219
Other Housing	1	\$ 15,000	0	\$ -	0	\$ -	0	\$ -
TOTAL	71	\$ 11,752,660	139	\$ 26,899,724	53	\$ 9,648,464	15	\$ 2,768,219

##### COMMUNITY PROGRAMS

- Since 2009, over \$53.8 million in Community Facility (CF) Direct and Guaranteed Loans and Grants was made for essential community facility projects in Guam.
  - **Port Authority of Guam** – In FY 2010, RD approved \$50 million (\$25 million CF Guaranteed/\$25 million CF Direct loan) award in favor of the Port Authority of Guam for port modernization project with U.S. Department of Transportation.
  - **Guam Community College** – In FY 2010, RD approved a \$2,250,000 CF Direct Loan in favor of the Guam Community College for a 22,000 square feet Learning Resource Center.
  - **Asmuyao Community School** – In FY 2009, a \$480,000 CF Direct Loan was approved in favor of Asmuyao Community School (ACS) for the purchase of a building and land to relocate their campus.

##### RURAL BUSINESS PROGRAMS

- **Business & Industry (B&I) Guaranteed Loan.** Since 2009, USDA has assisted 6 businesses in Guam with over \$15.7 million in Business & Industry (B&I) Guaranteed Loan funds. This has resulted in the creation or saving of over 179 jobs for Guam.
- **Rural Business Enterprise Grant (RBEG).** Since 2009, six organizations were awarded with Rural Business Enterprise Grant (RBEG) awards totaling \$292,400. The awards were made to public bodies and non-profit organizations in Guam for strategic planning, financial feasibility studies and technical assistance to small and emerging business enterprises.
- **Rural Energy for America Program (REAP).** In 2009, a REAP award in the amount of \$20,000 was made to a business to offset the cost of a 20Kw solar photovoltaic system. In 2011, a \$50,000 REAP award was made to assist the funding for a feasibility study to determine the technical and economical feasibility of building and operating an Ocean Thermal Energy Conversion (OTC) plant on Guam.
- **Intermediary Relending Program (IRP).** Active IRP through the Pacific Island Development Bank (PIDB) which was awarded \$2 million in 2002 and leveraged with PIDB funds to create a \$4 million loan fund. Loans have been made to small businesses in Guam, CNMI and the Federated States of Micronesia (FSM). As of July 2011, PIDB has provided 42 loans in Guam (8), CNMI (5) and FSM (29).

#### COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

##### RURAL HOUSING PROGRAMS

- No new secured loan-making over the last 3-4 years has occurred due to delinquency work out in progress with the Northern Marianas Housing Corporation (NMHC).

- Land Tenure requirements of the Commonwealth of the Northern Mariana Islands (CNMI) Constitution restricting the acquisition of permanent and long-term interests in real property within the Commonwealth to persons of Northern Marianas descent has also limited loan making.
- USDA is in the process of formulating an MOU between Rural Development and the Northern Marianas Housing Corporation (NMHC) that would allow USDA to make secured loans subject to NMHC serving as “trustee” for USDA.
- Current housing portfolio in the CNMI is approximately \$7.8 million representing 190 loans as of January 31, 2012.

### **COMMUNITY PROGRAMS**

- No Community Facilities activity/awards since 2009.

### **RURAL BUSINESS PROGRAMS**

- **Business and Industry (B&I) Guaranteed Loan.** In 2012, a Conditional Commitment was issued to the Commonwealth Utilities Corporation for a \$9.7 million B&I Guaranteed Loan for the purchase and installation of machinery and equipment. Current total loan portfolio is \$13.3 million.
- **Rural Business Enterprise Grant (RBEG).** In FY 2010, a \$85,373 RBEG was awarded to CNMI Department of Commerce for technical assistance in the promotion of economic development for small businesses.
- **Rural Energy for America Program (REAP).** In FY 2011, a \$21,931 REAP award was made to the CNMI Oceana Consultancy, LLC for the purpose of conducting a feasibility study for a proposed anaerobic digester project.

## **AMERICAN SAMOA**

### **RURAL HOUSING PROGRAMS**

- Since 2009, USDA Rural Development has assisted over 186 homeowners with over \$1.3 million in Home Improvement and Repair Loans and Grant Programs.
- American Samoa’s “Communal” land tenure system has prevented Rural Development from utilizing its flagship Direct and Guaranteed Loan Program (502 Loan Program). Rural Development has been working with the Development Bank of American Samoa to develop a Memorandum of Understanding to provide “security” for homeownership loans.

### **COMMUNITY PROGRAMS**

- In 2011, a \$110,000 Community Facilities Grant was awarded to the LBJ Hospital for the purchase of much needed microbiology equipment.
- Rural Development is currently working on a \$1.5 million Community Facilities loan application received from a faith-based school project.

### **RURAL BUSINESS PROGRAMS**

- **Business and Industry (B&I) Guaranteed Loan.** In 2010, a \$16.7 million B&I Guaranteed Loan was approved with the American Samoa Hawaii Cable, LLC (ASHC) and American Samoa Cable, LLC (ASC) for the purchase of fiber optic cable. In addition, Rural Development is in discussion with Tri-Marine Group, Inc. for a \$30 million B&I Guaranteed Loan for a tuna cannery processing facility.

### **RURAL UTILITY SERVICES**

- In 2010, The American Samoa Telecommunication Authority (ASTCA) received an \$81 million grant and \$10 million loan under the America Recovery and Reinvestment Act. This project is being administered by the USDA Rural Development Rural Utility Service under the Broadband Initiative Program.
- In 2009 American Samoa Power authority received 2 grants totaling \$3.14 million in High Energy Cost Grants provided for rural communities with home energy costs that are over 275 percent of the national average.

## **Marshall Islands**

- In 2009 and 2011, the Marshall Islands received \$700 thousand & \$3.71 million in High Energy Cost Grants.



Committed to the future of rural communities.

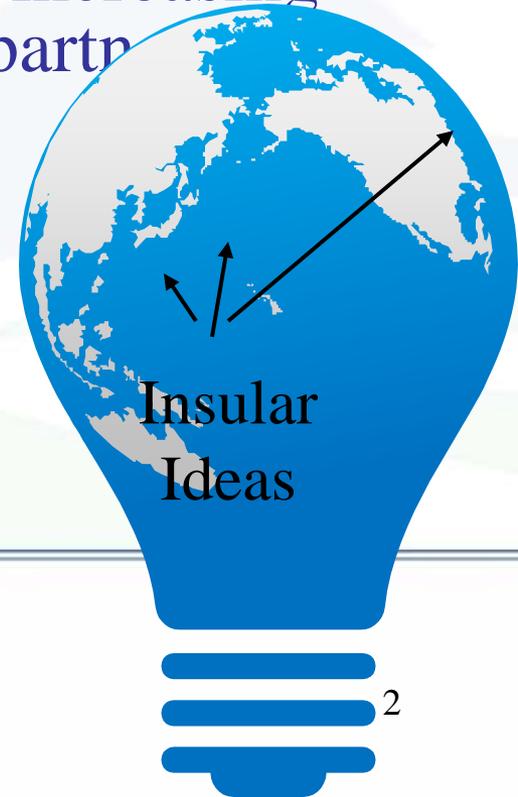
*A rural America that is a healthy, safe and prosperous place  
in which to live and work.*

- Improving the quality of life of all rural Americans*
- Increasing economic opportunity in rural America*



# *USDA Rural Development: Rural America's Investment Bank*

- Providing low interest low cost financing to support the construction and upgrades of essential infrastructure in rural areas;
- Helping rural communities build equity and increasing capacity through public/private investment partnerships
- Over \$125 billion loan portfolio
- 6,000 experienced economic development staff, including dozens in Hawaii, Florida and the Insular Areas



# LBJ Tropical Medical Center – American Samoa



# Port Authority of Guam



Committed to the future of rural communities.

# Northern Mariana Fisheries in Saipan



# LEED building in Guam



Committed to the future of rural communities.

# Grand Plaza Hotel in Guam



Committed to the future of rural communities.

# Four Unit Apartment Building in Guam



# Surgicenter - Guam



Committed to the future of rural communities.

# Tradewind Hotel – American Samoa



# *Scope of Rural Development: Over 40 Loan and Grant Programs Administered by Three Agencies*

**Strategic Focus for Rural Development** – Job creation through regional collaboration, stakeholder partnerships/outreach and new investment opportunities in rural businesses

## **Rural Housing and Community Facilities**

- Guaranteed and Direct Loans and Grants
- Rental Assistance
- Community Facilities = Schools, Public Safety

# ***Rural Development Agencies and Programs, (Con't)***

## **Rural Utilities Service**

- Electric distribution, generation and transmission including smart grid technology, renewable energy and energy efficiency
- Telecommunications and Broadband Loan and Grant Programs
- Water & Environmental Programs

## **Rural Business and Cooperatives**

- Business & Industry Loans and Grants Programs
- Value Added Investments
- Community Development Technical Assistance
- Renewable Energy and Energy Efficiency Program, Biomass Research & Development Initiative



# *Local-based Policies Benefit from Regional Planning and Collaboration*

Enable small communities to expand to regional pool of resources for Strategic Planning and implementation

- Target more assets
  - Universities & Community Colleges
  - Airports & Ports
  - Amenity Attraction
  - Telecommunications and Broadband
  - Water Resources
- Create & Nurture Regional Networks of Firms Organizations and Communities

# *Development of a Capital Needs Assessment*

One layer of the Strategic Plan is a thorough review of the Long Term Investment Need

- Development of this Economic Capital Model
  - Meet with Economic and Infrastructure Leadership
  - Plan the next 5 to 10 year needs (Year by Year)
  - Comprehensive – Capture the total package
  - Target the Current Investment Funds Available
  - Meet with Federal Partners for Funds and Resources
  - Identify the Gaps
  - Plan to Fill the Gaps and Future Needs



# *USDA Leadership - Summary*

- USDA Rural Development is the lead mission area within the federal government with specific expertise in rural economic development and infrastructure finance.
- USDA Rural Development has an unmatched program distribution system.
- Boots on the ground near you:
- Building A Community from the Ground UP (Infomercial)



# USDA Rural Development's Housing Programs



Since 1949, USDA Rural Development's Housing Programs have extended the dream of homeownership to millions of rural Americans.

USDA's Housing programs help rural communities and individuals by funding low-interest single family home loans, apartments for low-income persons or the elderly, housing for farm laborers, and much more!



# USDA Rural Development's Community Facilities Programs

USDA Rural Development's Community Programs assists rural communities in financing critical community facilities including schools, hospitals, day care centers, fire and police stations and much more!

Through its Community Programs, the Department of Agriculture is striving to ensure that such facilities are readily available to all rural communities.



# The Telecommunications/Broadband Loan and grant programs

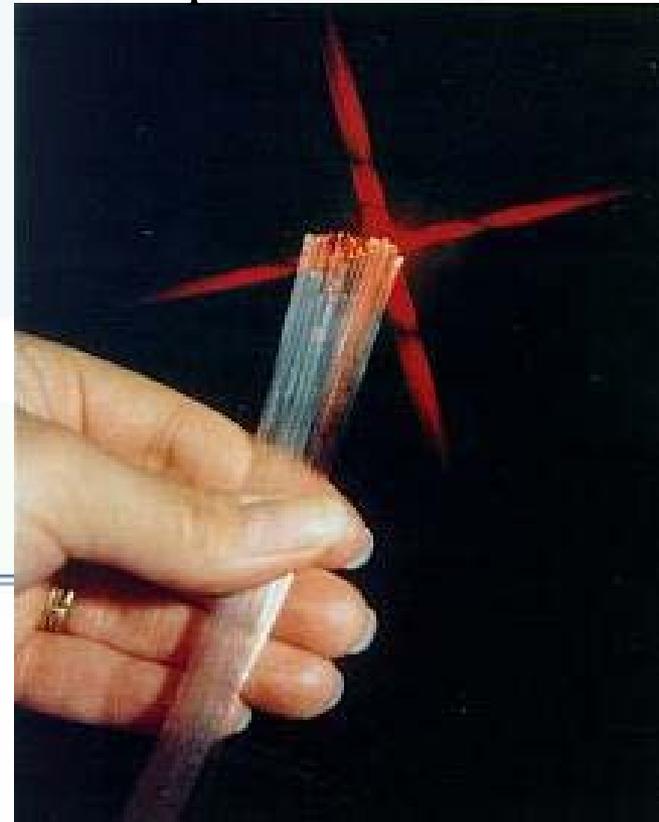


2010 = Broadband Linking the American Samoa  
Territory (BLAST) Project

- Loan \$10 M
- Grant \$ 81M
- Robust and Weather-Durable Fiber-optic Network
- 9,735 Households
- 315 Businesses
- 106 Anchor Institutions

Under Secretary's Goal – Now that we've supported  
Build-out of Broadband

**Commitment to Building ON  
to the Network**



# *The Water and Environmental Programs*

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## Water Programs

Loans, Grants, and Technical Assistance



## Engineering & Environmental

Engineering support for Water Programs and environmental support for all of USDA Rural Development's utilities programs.

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RUS has made major contributions to the Water and Waste Systems in Guam over the Years and has current applications

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# Business and Cooperative Programs

## A. Rural Business Enterprise Grants (RBEG)

- Infrastructure and structures
- Business and entrepreneurial support programs
- Capitalize revolving loan fund programs
- Training and technical assistance

## B. Rural Economic Development Loan and Grant program (REDLG)

- Pass-through loans
- Grants: revolving loan fund

# Alternative Energy Funding Briefing

## Farm Bill-Title IX

### Rural Business Programs

#### USDA - Rural Development

1. Biorefinery Assistance Loan Guarantee Program
2. Repowering Assistance Program
3. Bioenergy Program for Advanced Biofuels
4. Rural Energy for America Program
5. Biomass Research and Development



# Thank you!

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